

April 4, 1985

## CONGRESSIONAL RECORD — Extensions of Remarks

E 1351

in Congress. The "war on poverty" has slipped from the national agenda.

During the 1970s most of us held the view that in a healthy economy, public investment could be focused on basic needs—foods, shelter and warmth—for the poor. We expected education, training, nutrition, and health care to lift the disadvantaged from poverty. Those unable to cope, such as the old and disabled, would receive continuing assistance. But economic recession and a recognition of the complexity of the problem undermined this approach. Reports of welfare cheats who accumulated benefits from government programs worsened the situation. A problem that once seemed manageable now seems insoluble.

Today, critics argue that government anti-poverty efforts not only failed, they made matters worse. In this view, the anti-poverty programs of the 1960s encouraged the poor to think that it was not their fault that they were poor. Society was to blame, and society has the responsibility to cure poverty. In this view, as the chronic poor became more dependent on welfare, personal effort declined.

Social spending did increase rapidly over the past decade, but these increases were mostly in programs for the middle class. Federal spending on programs for the poor lagged behind inflation in recent years and continues to decline. The President's budget this year proposes more major cuts in health care, nutrition, job training, housing, and legal service for the poor. Overall, federal aid to the poor is less than 8.5% of total government expenditures.

My view is that many of these government programs, even with their faults, have helped reduce poverty. Major increases in social security benefits, and the creation of Medicare and Medicaid, dramatically reduced the number of older persons in poverty. Other social programs—job training, subsidized housing, nutrition programs—have created opportunities for the economically disadvantaged. Even these programs have not solved the poverty problem, however. They have helped to meet basic needs, and they sometimes provide a valuable "safety net" to alleviate severe hardship among the poorest, but they have not reduced crime, domestic violence, unemployment, or drug addiction. Focusing the poverty debate on budget cuts alone is misleading and unproductive. There is clearly some truth in the view that people will get out of poverty only if they take individual responsibility.

How we attack poverty in the 1980s and beyond presents a formidable challenge. Our past efforts to reduce it have produced mixed results. Congress might resist further deep cuts in current programs for the poor, but there is little support for costly federal initiatives. We need a new debate, similar to the great social debate twenty years ago on the eradication of poverty. Conservatives and liberals alike must reconsider the basic approaches to reducing poverty, and strive for consensus.

Everyone agrees that the best way to end poverty is through economic growth, which increases jobs, wages and living standards. Without economic growth, people at the bottom cannot get jobs to improve their standards of living. Even with strong growth in the last thirty months, however, unemployment remains high and poverty grows. With over 15% of all Americans struggling below the poverty line, it is clear that economic growth is not enough. We need a better approach.

In general, the emphasis of the debate is shifting from a discussion of funding levels to an examination of which approaches provide assistance to the poor most effectively and responsibly. Several suggestions merit

closer examination. Changing the tax laws to increase the after-tax income of the working poor would be the simplest way to reduce poverty. Recent changes sharply increased the tax bite on the poorest Americans, who now pay in taxes a percentage of their income roughly equal to what the wealthiest pay. We must also train people and prepare them to take jobs. Genuine equality of opportunity must be at the heart of any anti-poverty strategy.

Another suggestion is to identify the needy better so that we use our resources more efficiently. The present fiscal climate makes it unlikely that Congress will approve new spending to help the poor, but efficient cash transfer programs directed at the neediest would help. Among the suggested reforms are proposals to tie various benefits to employment training programs, and to increase private sector involvement in projects for the poor. Regulatory changes—such as adjusting utilities' rate schedules to enable the poor to meet expenses—would help, as would efforts to prevent poverty through health care and education programs for children in poor families.

Government programs cannot replace individual motivation and effort. We have had only limited success in reducing poverty, but we cannot let disappointing results paralyze us. I keep hoping that one day we will have the wit and compassion to deal decently and fairly with the poor.

#### CIVIL SERVICE RETIREMENT SPOUSE EQUITY AMENDMENTS OF 1985

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 3, 1985

○ Ms. OAKAR. Mr. Speaker, I am introducing today the Civil Service Retirement Spouse Equity Amendments of 1985. This bill sets forth a series of technical amendments to the Civil Service Spouse Equity Act of 1984.

As you may recall, the Congress enacted legislation last year to provide spouses and former spouses of Federal employees with important new rights under the civil service retirement system. This landmark legislation was signed into law on November 8, 1984, as Public Law 98-615.

Some of the provisions of Public Law 98-615 were effective upon enactment, and others were effective 180 days after enactment. Those provisions which did not become effective for 6 months were delayed because of the complexity of the legislation and the need to allow the Office of Personnel Management sufficient time to promulgate appropriate regulations.

Unfortunately, the OPM has yet to issue even proposed regulations. We are also concerned, based upon discussions with OPM, that it is taking a much narrower view of some of the provisions of Public Law 98-615 than was intended by the authors of the law.

For these reasons, I am introducing this series of technical amendments. I am also including in this bill a provision to allow all civil service annuitants a second opportunity to choose

survivor benefits for their current spouses. Under Public Law 98-615, this option was provided under rather limited circumstances, for a 1-year period, beginning on the date of enactment. Since the OPM has not issued the regulations and nearly 6 months have transpired since the date of enactment, it is only fair that this time period be extended. In addition, by expanding the second election to all annuitants, we will provide civil service retirees with the same right that Congress granted military retirees a few years ago and, in the process, there will be substantial short-term savings for the civil service retirement fund.

The technical amendments also would extend the same pension protections to spouses and former spouses of retirees as those that were created in last year's legislation for spouses and former spouses of employees. In drafting this provision, we have made certain that the existing financial arrangements between annuitants and current or former spouses will not be disturbed and that former spouses will simply have the same rights as if they were married to an active participant in the Federal work force.

It is my hope that Congress will move swiftly on this legislation. Last year, my Subcommittee on Compensation and Employee Benefits conducted extensive hearings on pension rights for spouses and former spouses of Federal workers and annuitants. I believe that the record is clear and that the need for this legislation is great. It is certainly my intention to schedule this legislation for consideration by my subcommittee at the earliest possible date.

I urge my colleagues on both sides of the aisle to join me in supporting this bill and in seeking expeditious enactment of the legislation.

#### THE \$50,000 GROUP TERM LIFE INSURANCE EXCLUSION SHOULD BE INCREASED

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 3, 1985

○ Mr. RINALDO. Mr. Speaker, today I am introducing legislation that would increase to \$150,000 the group term life insurance exclusion by amending section 79 of the Internal Revenue Code. The current exclusion, \$50,000, has remained in effect since it was originally adopted in 1964. The exclusion from Federal income taxation should be increased to \$150,000 for four reasons.

First, since 1964, the base level of the consumer price index has increased by a factor of approximately 3.2.

Second, Federal tax legislation adopted in 1983 and 1984 amending section 79 of the Internal Revenue

E 1352

## CONGRESSIONAL RECORD — Extensions of Remarks

April 4, 1985

Code provides that key employees insured under discriminatory group term life insurance programs will lose the benefit of the exclusion and the uniform rate table (table 1) in determining their taxable imputed income. As a result, any increase in the exemption will only be available to employees who are insured under nondiscriminatory group term life insurance programs.

Third, when the \$50,000 exclusion was originally proposed, it was intended to encourage the purchase of reasonable amounts of low-cost group life insurance. Today, the combination of an average salary close to \$25,000 and group life insurance schedules which normally provide all employees with insurance double their annual compensation has increased the typical employee's taxation.

Finally, with the growing number of employees becoming subject to additional taxation, employers are feeling increased pressure to limit their programs to a maximum of \$50,000 of coverage. Any additional amounts are being purchased on an individual-by-individual basis subject to evidence of insurability and employee payment of the full cost. It was never intended that the Tax Code would so severely restrict the purchase of adequate amounts of low-cost group term life insurance. The existing \$50,000 coverage exclusion is a particularly low amount in connection with our uniformed public safety employees such as police and fire personnel.

For all these reasons, Mr. Speaker, I am today introducing this legislation, and I urge its support by our colleagues. For the benefit of our colleagues, I am including the text of this legislation in the RECORD at this point.

H.R. 1968

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (1) of section 79(a) of the Internal Revenue Code of 1954 (relating to group-term life insurance purchased for employees) is amended by striking out "\$50,000" and inserting in lieu thereof "\$150,000".*

(b) The amendment made by subsection (a) shall apply to group-term life insurance provided after December 31, 1985, in taxable years ending after such date.●

## HYDROELECTRIC FACILITY RELICENSING AMENDMENTS OF 1985

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 3, 1985

● Mr. MILLER of California. Mr. Speaker, today I am introducing legislation which will affect the relicensing of hydroelectric powerplants throughout the country. Not only will this bill direct the Federal Energy Regulatory Commission [FERC] in its efforts to

relicense operating plants but it also will serve the public's interest by assuring that only economically and environmentally sound plants are relicensed.

This issue concerns what is often referred to as the "preference clause." It dates back to the Federal Power Act of 1920 which gave municipally owned utilities a preference in the original licensing process. Because the law failed to address what criteria should be used when the license expired and the plant needed to be relicensed, the FERC has lacked direction and issued conflicting interpretations of the law.

My bill, the Hydroelectric Facility Relicensing Amendments of 1985, will correct the problem by directing the Federal Energy Regulatory Commission [FERC] to consider four factors when reviewing relicensing applications. They are:

First, the applicant's ability to efficiently use the waterway's power potential in a manner which provides public benefits including navigation, flood control, irrigation, and recreation;

Second, the applicant's capacity to protect and mitigate any adverse environmental impacts by enhancing fisheries, wildlife, natural, cultural and recreational resources in an economically sound manner;

Third, the applicant's ability to encourage or assist its consumers to cost effectively conserve electricity; and

Fourth, the costs which will be passed onto the consumer if the plant is relicensed to the applicant and if it is not.

These four principles are guidelines for the FERC to use when reviewing applications. They insure that only those applications which meet a public interest test, an environmental protection, mitigation and enhancement test, an energy conservation test and an honest test of economic impact on consumers will be granted licenses. In the event the applications of any two applicants equally meet the four tests, the bill provides that FERC would issue the permit to the existing licensee.

This bill will not preempt the authority granted in pending legislation such as H.R. 44 introduced by Congressman SHELBY which I cosponsored. This bill merely complements the Shelby bill which asks FERC to grant the existing licensee a new license unless it is determined that the existing licensee's project does not best utilize the waterway. The concept of my bill was included in legislation introduced in the last Congress by our retired colleague RICHARD OTTINGER, the chairman of the House Energy Subcommittee on Energy Conservation and Power.

I encourage my colleagues to join me in support of the Hydroelectric Facility Relicensing Amendments of 1985.●

## BASHING JAPAN IS BASHING THE UNITED STATES

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 3, 1985

● Mr. SHUMWAY. Mr. Speaker, not very often do I find myself in agreement with the editorials published in the Los Angeles Times. However, on March 31, that newspaper featured an editorial entitled "Bashing Japan is Bashing the United States" which should have been required reading for every Member of this House prior to last night's unexpected, and unfortunate, vote to blame Japan for our trading ills. As one of the 19 Members who opposed the resolution, I was frankly appalled that Congress could be so hasty, so shortsighted, and so irresponsible.

The United States is the leader of the free world in the realm of trade and, despite the trade deficit, our exports were good for us and good for our allies last year. For example, we exported \$38 billion worth of agricultural goods. I concede that it would be desirable for us to export more. I concede that Japan has been slow to open her markets to our imports, and that it would be appropriate for us to take meaningful action vis-a-vis any nation with policies which impede free trade. However, last night's resolution not only fell far short of the desired mark—it may well damage our own citizens and consumers.

Protectionist measures can only hurt Americans. In the words of the editorial I will share with my colleagues, "it is a truism as old as commerce itself that when trade is restricted, consumers suffer." We invite—indeed, encourage—retaliation on the part of our trading partners, and that retaliation will have a far more detrimental effect than what we are now experiencing.

The measure passed last night reflects a desperation among politicians who are eager to please their constituencies, but reluctant to vote for spending reductions. Ironically, Congress has at its disposal perhaps the most effective tool to enhance our trade position. Few dispute the fact that the strong dollar is a major cause of the trade problem. American goods cost more abroad; foreign goods are cheaper here. Congress should have the courage to reduce spending and the deficit, thereby easing interest rates which produce the overly strong dollar. Sadly, instead of facing its responsibilities and acting to correct the trade deficit, Congress chose to lash out at U.S. allies, hanging the blame for our dilemma around their necks. I believe that in so doing we perform a grave disservice to the United States and to her trading partners.

In addition to congressional action reducing Federal spending, there are other appropriate—and effective—